

THIRD DIVISION

[G.R. No. 148516, December 27, 2007]

MANUEL LUIS SANCHEZ PETITIONER, V.S. MAPALAD REALTY CORPORATION, RESPONDENT.

DECISION

REYES, R.T., J.:

KAPAG ang isang kasunduan ng bilihan ay may kaakibat na pandaraya at napatunayang huwad, ang bumili ay walang nakamit na titulo ng pag-aari. Ang bentahan ng apat na parsela ng mamahaling lupa sa Roxas Boulevard na isinuko ng dating kasamahan ng Pangulong Marcos sa pamahalaang Aquino ay nagtataglay ng mga palatandaan ng isang malakihang pandaraya na isinagawa mismo ng mga taong hinirang ng Presidential Commission on Good Government (PCGG) upang pangalagaan ang pag-aari ng isang na-sequester na kumpanya.

Ang mga ito ay dapat ibalik sa pamahalaan hanggang di pa tiyak ang tunay na may-ari. Hindi kanais-nais na nagpakahirap ang PCGG sa pagbawi ng nasabing pag-aari para lamang mawala ito dahil sa manipulasyon ng isang di mapagkakatiwalaang opisyal.

Where a deed of sale was attended by fraud and proved to be fictitious, the buyer acquired no title to the subject property. The sale of four parcels of prime land along Roxas Boulevard surrendered by a former associate of President Marcos to the Aquino government bears the earmarks of a grand scam perpetrated by the very same persons appointed by the Presidential Commission on Good Government (PCGG) to safeguard the assets of the sequestered companies.^[1]

They must be restored to the custody of the government until their true owner is finally determined. It would be odious to have the PCGG work so hard to recover them only to have them lost due to manipulation of an unscrupulous official.

This petition for review on *certiorari* seeks a reversal of the Decision ^[2] of the Court of Appeals (CA) which reversed and set aside that ^[3] of the Regional Trial Court (RTC), Branch 135, Makati City in an action for annulment of deed of sale and reconveyance ^[4] filed by respondent Mapalad Realty Corporation (Mapalad, for brevity).

Petitioner Manuel Luis Sanchez, who bought the properties during the pendency of the case at the trial court, intervened in the appeal before the CA.

The Facts

The facts, as gleaned from the records, are as follows:

Respondent Mapalad was the registered owner of four (4) parcels of land located along Roxas Boulevard, Baclaran, Parañaque. The properties, covered by Transfer Certificates of Title (TCT) Nos. S-81403, S-81404, S-81405 and S-81406 have a total land area of 4,038 square meters.^[5]

On March 21, 1986, shortly after the February 1986 EDSA Revolution, Jose Y. Campos executed an affidavit ^[6] admitting, among others, that Mapalad was one of the companies he held in trust for former President Ferdinand E. Marcos. Campos turned over all assets, properties, records and documents pertaining to Mapalad to the new administration led by then President Corazon C. Aquino.

On March 23, 1986, the PCGG issued writs of sequestration for Mapalad and all its properties.^[7]

On August 2, 1992, the PCGG appointed Rolando E. Josef as Vice President/Treasurer and General Manager of Mapalad. He immediately conducted an inventory of the assets of the corporation. This was when it was discovered that four (4) TCTs were missing, namely, TCT Nos. S-81403, S-81404, S-81405, and S-81406.

Josef inquired on the whereabouts of these missing TCTs from Luis R. Narciso, an employee of Port Center Development Corporation, a sister company of Mapalad. Josef was informed that Mapalad's former director and general manager, Felicito L. Manalili (GM Manalili) took the said missing TCTs sometime in July 1992.

On September 8, 1992, Narciso executed an affidavit^[8] stating that the missing TCTs were taken from him by GM Manalili.

Josef personally talked to GM Manalili to inquire about what happened to the titles he took from Narciso. GM Manalili promised to return the titles as soon as he found them. He never did, despite repeated demands on him.

On November 16, 1992, Felimon Oliquiano, Jr., president of Nordelak Development Corporation (Nordelak, for brevity), filed a notice of adverse claim^[9] over the subject properties based on a deed of sale purportedly executed on November 2, 1989 by Miguel Magsaysay in his capacity as president and board chairman of Mapalad, selling the four lots to Nordelak for the total purchase price of P20,190,000.00. This deed of sale was notarized by Elpidio T. Clemente as Document No. 121, Page 26, Book No. 82 Series of 1989. ^[10]

Josef notified the Register of Deeds (RD) of Parañaque by three successive letters dated November 18, December 7 and 8, 1992 that the owner's duplicate copies of four (4) TCTs in the name of Mapalad were missing, and requested the RD not to entertain any transaction, particularly any attempt to transfer ownership thereof, or annotate any encumbrance or lien of any kind on these four TCTs.

Since Josef's letters to the RD were not verified, the RD instructed him to submit a verified petition or cancellation of adverse claim; Josef complied.

On December 22, 1992, Mapalad filed with the RD a verified petition for cancellation

of adverse claim annotated on its titles by Nordelak. ^[11] The petition also included a notice of loss of the owners' duplicate copies of the TCTs concerned. This was annotated on the titles as Entry No. 154431 on the next day.

On January 14, 1993, Mapalad discovered, after verification with the records of the RD, that its titles to the four (4) properties were cancelled as early as December 22, 1992. In lieu of them, TCT Nos. 68493, 68494, 68495, and 68496 in the name of Nordelak were issued^[12] by virtue of another deed of sale also dated November 2, 1989 and purportedly signed by the same Miguel Magsaysay in his capacity as president and chairman of the board of Mapalad.

Although this document was also notarized by the same Elpidio T. Clemente, bearing the same Document No. 121, Page 26, Book No. 82, Series of 1989, the amount indicated in this deed of sale as total purchase price was P7,268,400.00 instead of P20,190,000.00 as earlier annotated in the title per the adverse claim on November 16, 1992. In other words, there were two deeds of absolute sale, bearing the same dates, involving the same parties, the same parcel of land, and notarized by the same Notary Public under identical notarial entries, with different considerations or purchase price.

Way back October 13, 1978, A. Magsaysay, Inc., a corporation controlled by Miguel Magsaysay, acquired ownership of all shares of stock of Mapalad.^[13]

On December 3, 1982, however, A. Magsaysay, Inc. sold all its shares to Novo Properties, Inc.^[14] Miguel Magsaysay also sold his one and only share to Novo Properties, Inc., thus completely terminating any and all rights or interest he used to have over the properties of Mapalad.

Immediately upon learning of the cancellation of Mapalad's four TCTs, Josef conferred with Miguel Magsaysay to find out whether the latter indeed signed the purported deeds of absolute sale both dated November 2, 1989.

Magsaysay denied having signed those deeds.

On January 19, 1993, the PCGG asked the Parañaque RD to immediately recall, revoke and cancel the four (4) titles that were issued in favor of Nordelak.^[15]

On January 22, 1993, the PCGG issued a writ of injunction, enjoining and restraining the Parañaque RD from entertaining and processing any document or transaction relative to the titles in the name of Nordelak. This PCGG injunction was annotated on the titles as Entry No. 93-14786.

On January 25, 1993, the RD in turn requested Nordelak to surrender the titles issued in its name, but Nordelak refused to comply.

On February 3, 1993, Mapalad commenced, before the RTC, Makati City, the present action for annulment of deed of sale and reconveyance of title with damages against Nordelak, that is now the subject of this petition.

Mapalad's complaint alleged that: (a) the deed of sale is falsified and a forgery; (b)

defendant Felicito L. Manalili^[16] conspired and confederated with the other defendants to defraud Mapalad by fabricating a fictitious, spurious and falsified deed of sale; and (c) there is another deed of absolute sale with the same date of November 2, 1989 and also bearing the purported signature of Miguel Magsaysay, but the two deeds of sale differ in the amounts of consideration, one for P20,190,000.00 and the other for P7,268,400.00, which was used in the transfer of Mapalad's titles in favor of Nordelak.

Mapalad prayed for judgment: (a) declaring the two (2) deeds of absolute sale null and void; (b) ordering Nordelak to reconvey the four (4) parcels of land in favor of Mapalad; (c) ordering the Register of Deeds to cancel TCT Nos. 68493, 68494, 68495, and 68496, and in lieu thereof, to issue replacement titles in the name of Mapalad; and (d) ordering Nordelak to pay exemplary damages, attorney's fees and costs of suit.

On February 22, 1993, a notice of *lis pendens* was annotated as Entry No. 93-91718 on the TCTs in Nordelak's name.^[17]

On March 4, 1993, the RD, through the Office of the Solicitor General, filed its answer alleging that when the requirements of registration are complied with, the duty of the register of deeds becomes simply ministerial.

On April 26, 1993, Nordelak and its president, Oliquiano filed their answer with special and affirmative defenses, alleging that Nordelak is a buyer in good faith, and that it never dealt with defendant Manalili in the purchase of the subject properties.

Defendant Manalili, however, failed to file any answer within the reglementary period. The RTC declared him in default despite Section 14, Rule 18 of the Rules of Court stating that "when a complaint states a common cause of action against several defendants, some of whom answer, and the others fail to do so, the court shall try the case against all upon the answers thus filed and render judgment upon the evidence presented x x x."

On October 24, 1994, while the case was still pending before the RTC, Nordelak sold the subject properties for P50,000,000.00 to a certain Manuel Luis S. Sanchez, now petitioner before Us.

RTC Judgment

On December 6, 1994, ruling that Mapalad failed to adduce positive proof of forgery, the RTC upheld the validity of the deed of absolute sale as a notarial document and rendered judgment^[18] with the following *fallo*:

WHEREFORE, premises considered, for failure of plaintiff to establish preponderance of evidence to support its herein Complaint, the above-entitled case is ordered DISMISSED for lack of cause of action and for being without merit.

On the other hand, judgment is hereby rendered in favor of defendants against the plaintiff by way of counterclaim, for the latter to pay actual and compensatory damages in favor of private defendants (excluding

public defendant Register of deeds of Parañaque herein represented by the Office of the Solicitor General) the sum of P50,000.00; attorney's fees in the sum of P30,000.00; and the costs of the proceedings.

Furthermore, Entry No. 15431 re a Verified Petition for cancellation of the adverse claim annotated at the back of TCT Nos. S-81403, S-81404, S-81405, and S-81406, (Exhs. "O," "P," "Q," and "R") filed by Rolando E. Josef, V/P-General Manager of Mapalad Realty Corporation inscribed on December 17, 1992 is ordered CANCELLED.

SO ORDERED.^[19]

On December 19, 1994, upon Nordelak's manifestation, the RTC issued a Supplemental Decision cancelling the notice of *lis pendens* annotated as Entry No. 93-91718 at the back of Nordelak's TCTs Nos. 68493, 68494, 68495, and 68496, and also lifting the restraining order issued by the PCGG annotated on the said titles as Entry No. 93-14786.

On December 29, 1994 and January 2, 1995, Mapalad filed a motion for reconsideration and supplemental motion for reconsideration, respectively, to which an opposition was filed by Nordelak on January 13, 1995.

On January 2, 1995, the RTC issued an order denying the twin motions for reconsideration. Mapalad then seasonably appealed to the CA.

Having previously bought the properties from Nordelak during the pendency of the case with the RTC, petitioner Sanchez moved to be joined with Nordelak as party defendant-appellee before the CA. The CA granted the motion to intervene.

CA Disposition

Finding merit in the appeal, the CA disposed of it, as follows:

WHEREFORE, premises considered, the assailed decision is **REVERSED and SET ASIDE** and a new one entered –

1. DECLARING as null and void the deed of absolute sale dated 02 November 1989 executed by and between Mapalad Realty Corporation and Nordelak Development Corporation;
2. DECLARING as null and void the deed of absolute sale dated 24 October 1994 executed by and between Nordelak Development Corporation and Manuel Luis S. Sanchez;
3. ORDERING the Register of Deeds of Parañaque to cancel TCT Nos. 68493, 68494, 68495, and 68496 and in lieu thereof, to issue new certificates of title covering the subject properties in the name of Mapalad Realty Corporation.

Further, appellee Nordelak is ordered to pay appellant P100,000.00 as attorney's fees.

SO ORDERED.^[20]